

April 12, 2001

Dear Administrator:

The past two years have been an exciting time for PERSI, our members and employers. We are in the middle of implementation of two major projects that will have a profound effect on members and employers. The long-awaited redesign of our information systems, called Galena, is in its final stage and close to implementation. Additionally, the PERSI Choice Plan is in the final implementation stages. Next month we will offer ten additional investment options for employees. By law, beginning in July, 2001, employees must be offered the opportunity to make voluntary contributions on a tax deferred basis. The only way to transmit these voluntary contributions is via a data link to Galena.

The implementation of Galena and Choice Plan voluntary contributions are tied together and will have an effect on how PERSI and your agency do business. We have attempted to time these two programs simultaneously to lessen your payroll reprogramming efforts.

I am writing to request your assistance and support in a joint effort to modernize your data link with PERSI and to bring the advantages of the PERSI Choice Plan to your employees.

- **Galena Data Link**– this will involve transmission of payroll data electronically, on a pay period basis, with significantly more data elements. With this upgrade, PERSI will:
  - Increase the accuracy of member records significantly,
  - Make payroll reporting more efficient for your staff, and
  - Off-load work, such as handbook and annual statement distribution, from your staff to PERSI.

Initially, however, this will require payroll system changes for your system.

In April 2001 we will have updated instructions and file layouts to your IT and payroll staff for reprogramming of payroll systems. For our 100 largest employers, July 1, 2001, is the target date to begin reporting via Galena. This date coincides with the date employee contributions to the PERSI Choice Plan will be available.

I am asking you to help in this effort by making this conversion a priority with your staff. PERSI staff will support this effort as possible. Bill Duncan, a Training Specialist at PERSI, has scheduled appointments with the payroll

contacts at our 100 largest employers to discuss the reprogramming issues and has been working with employers' payroll vendors to make these changes to their systems.

- **PERSI Choice Plan Voluntary Contributions** – As you know, PERSI distributed over \$155 million in gain sharing this year with \$60 million for individual employee 401(k) accounts. In the latest *News To Use* and the member newsletter going out this month, we are advising employees of the ten additional choices for 401(k) investments to be available May 1, 2001. In June, 2001, we will send packets to each employee advising them that on July 1, 2001 1) they will be able to make payroll deductions from their salary for their 401(k) accounts and 2) those that did not get a Gain Sharing account will be able to establish a 401(k) account and begin making tax-deferred contributions.

The law that established Gain Sharing requires that voluntary contributions to the PERSI Choice Plan be offered to all PERSI employees. We have been working very hard to implement this as quickly as is prudent. The law also requires that funds deducted from the employee's salary be transmitted to PERSI within five days for timely investing. After talking with many employers, we have determined that the most efficient way to accommodate voluntary payroll deduction and the five-day requirement is to combine the Choice Plan and Galena reporting efforts.

**Employee Education** - PERSI has launched a comprehensive member education program. The PERSI Board of Trustees believes strongly that member education is the major component to empowering PERSI members to begin saving and planning for their retirement. Recently, each member received a "Video BookPack" explaining the new Choice Plan and the other educational opportunities available including live presentations. We are asking for your assistance in this by giving paid release time for employees and possibly furnishing facilities. Any help would be appreciated.

**Employer Education** - Last fall, PERSI offered employer workshops across the state to begin explaining the payroll reporting changes. This summer, PERSI will provide a round of employer workshops to explain all aspects of the Choice Plan and reporting to payroll and personnel representatives.

I think you will agree that these changes to PERSI are major steps to providing a modern and responsive retirement plan for your employees, and that you are getting your money's worth out of the PERSI plan. Thank you in advance for your support. If you have any questions please call me (208-334-2455) or your field representative.

Sincerely,

s/s

Alan H. Winkle  
Executive Director

AHW/ax